



[4830-01-P]

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### **Credit for Renewable Electricity Production, Refined Coal Production, and Indian Coal Production, and Publication of Inflation Adjustment Factors and Reference Prices for Calendar Year 2014**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Publication of inflation adjustment factors and reference prices for calendar year 2014 as required by section 45(e)(2)(A) of the Internal Revenue Code (26 U.S.C. 45(e)(2)(A)), section 45(e)(8)(C) (26 U.S.C. 45(e)(8)(C)), and section 45(e)(10)(C) (26 U.S.C. 45(e)(10)(C)).

**SUMMARY:** The 2014 inflation adjustment factors and reference prices are used in determining the availability of the credit for renewable electricity production, refined coal production, and Indian coal production under section 45.

**DATES:** The 2014 inflation adjustment factors and reference prices apply to calendar year 2014 sales of kilowatt hours of electricity produced in the United States or a possession thereof from qualified energy resources, and to 2014 sales of refined coal and Indian coal produced in the United States or a possession thereof.

*Inflation Adjustment Factors:* The inflation adjustment factor for calendar year 2014 for qualified energy resources and refined coal is 1.5088. The inflation adjustment factor for Indian coal is 1.1587.

*Reference Prices:* The reference price for calendar year 2014 for facilities producing electricity from wind is 4.85 cents per kilowatt hour. The reference prices for fuel used as feedstock within the meaning of section 45(c)(7)(A) (relating to refined coal production) are \$31.90 per ton for calendar year 2002 and \$56.88 per ton for calendar

year 2014. The reference prices for facilities producing electricity from closed-loop biomass, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy have not been determined for calendar year 2014.

Because the 2014 reference price for electricity produced from wind does not exceed 8 cents multiplied by the inflation adjustment factor, the phaseout of the credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2014. Because the 2014 reference price of fuel used as feedstock for refined coal (\$56.88) does not exceed \$81.82 (which is the \$31.90 reference price of such fuel in 2002 multiplied by the inflation adjustment factor (1.5088) and 1.7), the phaseout of credit provided in section 45(e)(8)(B) does not apply to refined coal sold during calendar year 2014. Further, for electricity produced from closed-loop biomass, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy, the phaseout of credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2014.

*Credit Amount by Qualified Energy Resource and Facility, Refined Coal, and Indian Coal:* As required by section 45(b)(2), the 1.5-cent amount in section 45(a)(1), the 8-cent amount in section 45(b)(1), the \$4.375 amount in section 45(e)(8)(A), the \$2.00 amount in section 45(e)(8)(D), and the \$2.00 amount in section 45(e)(8)(10)(B) are each adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. If any amount as increased under the preceding sentence is not a multiple of 0.1 cent, such amount is rounded to the nearest multiple of

0.1 cent. In the case of electricity produced in open-loop biomass facilities, small irrigation power facilities, landfill gas facilities, trash combustion facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities, section 45(b)(4)(A) requires the amount in effect under section 45(a)(1) (before rounding to the nearest 0.1 cent) to be reduced by one-half. Under the calculation required by section 45(b)(2), the credit for renewable electricity production for calendar year 2014 under section 45(a) is 2.3 cents per kilowatt hour on the sale of electricity produced from the qualified energy resources of wind, closed-loop biomass, geothermal energy, and solar energy, and 1.1 cents per kilowatt hour on the sale of electricity produced in open-loop biomass facilities, small irrigation power facilities, landfill gas facilities, trash combustion facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities. Under the calculation required by section 45(b)(2), the credit for refined coal production for calendar year 2014 under section 45(e)(8)(A) is \$6.601 per ton on the sale of qualified refined coal. The credit for Indian coal production for calendar year 2014 under section 45(e)(10)(B) is \$2.317 per ton on the sale of Indian coal.

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